strategic POSITION

APEX LAND CORPORATION

annual report 1999

SEVEN YEAR REVIEW

CONSOLIDATED BALANCE SHEETS AS AT APRIL 30

($000's)	1999	1998	1997	1996	1995	1994	1993
Assets							
Cash	3,096	7,831	4,065	1,791	2,267	2,663	3,283
Accounts receivable	2,128	2,591	1,065	392	417	379	557
Agreements receivable	14,000	17,361	8,723	10,508	8,788	7,347	3,095
Real estate	131,733	103,468	28,436	25,997	27,066	26,379	27,045
Other assets	2,249	1,898	301	160	232	240	138
	153,206	133,149	42,590	38,848	38,770	37,008	34,118
Liabilities							
Accounts payable	11,267	13,941	4,184	2,260	2,366	2,327	1,535
Land development service costs	10,009	12,584	5,898	6,322	5,945	4,995	5,769
Financing	89,595	69,629	15,781	16,737	19,251	20,622	19,648
Deferred income taxes	128	1,022	1,050	1,130	1,120	687	178
	110,999	97,176	26,913	26,449	28,682	28,631	27,130
Shareholders' Equity							
Share capital	22,467	21,585	6,402	5,837	5,599	5,599	5,534
Retained earnings	19,740	14,388	9,275	6,562	4,489	2,778	1,454
	42,207	35,973	15,677	12,399	10,088	8,377	6,988
	153,206	133,149	42,590	38,848	38,770	37,008	34,118

CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED APRIL 30

($000's)	1999	1998	1997	1996	1995	1994	1993
Revenues							
Residential sales	111,785	87,426	27,440	25,175	25,580	19,154	12,817
Other	654	893	802	730	34	148	198
	112,439	88,319	28,242	25,905	25,614	19,302	13,015
Expenses							
Residential sales	91,789	74,307	20,654	19,590	20,105	15,378	10,394
Corporate administration	4,963	3,113	1,571	1,348	1,158	931	670
Interest & amortization of financing costs	2,320	1,887	1,001	660	406	209	121
Amortization of capital assets	456	202	34	27	27	21	14
Management fees	1,710	0	0	0	0	0	0
Dividends on preferred shares	0	0	8	184	378	195	195
	101,238	79,509	23,268	21,809	22,074	16,734	11,394
	11,201	8,810	4,974	4,096	3,540	2,568	1,621
Income tax provision	(5,260)	(3,697)	(2,261)	(2,012)	(1,829)	(1,243)	(805)
Net earnings	5,941	5,113	2,713	2,084	1,711	1,325	816
Financing to equity ratio	2.12	1.94	1.01	1.35	1.91	2.46	2.81
Return on equity*	17.56	19.80%	19.33%	18.54%	18.53%	17.25%	17.98%
Corporate administration as a % of revenue	4.41	3.52%	5.56%	5.20%	4.52%	4.82%	5.15%
Earnings margin (before interest, management fees, taxes)	13.55	12.11%	21.16%	18.36%	15.41%	14.39%	13.38%
Revenue per share	5.51	4.41	2.02	1.91	1.94	1.46	0.99
Earnings per common share							
basic	0.30	0.27	0.20	0.16	0.13	0.10	0.07
fully diluted	0.28	0.25	0.18	0.14	0.12	0.09	0.07
Cash flow per share							
basic	0.28	0.29	0.20	0.17	0.17	0.15	0.09
fully diluted	0.26	0.27	0.18	0.15	0.16	0.13	0.08
Number of common shares @ year end	20,407,182	20,023,382	13,977,664	13,527,985	13,190,250	13,190,250	13,125,250
Share price range	$ 1.42 – 3.89	$ 5.95 – 2.80	$ 3.95 – 0.64	$ 0.90 – 0.51	$ 1.00 – 0.60	$ 1.10 – 0.60	$ 1.40 – 0.90

*excludes management fees

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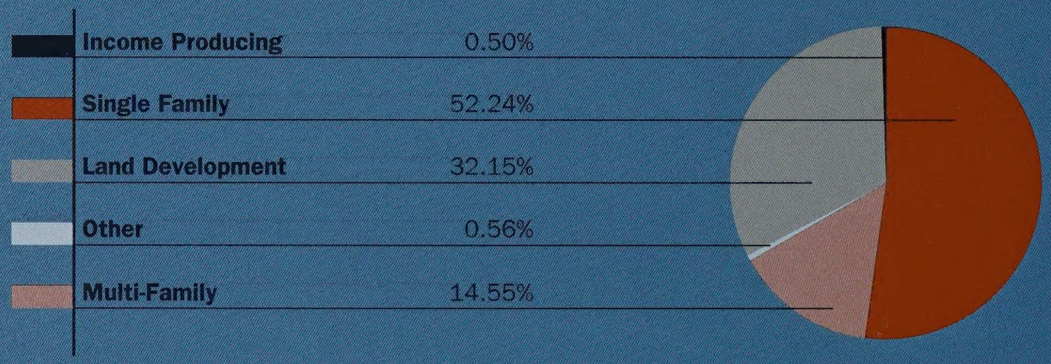
HIGHLIGHTS

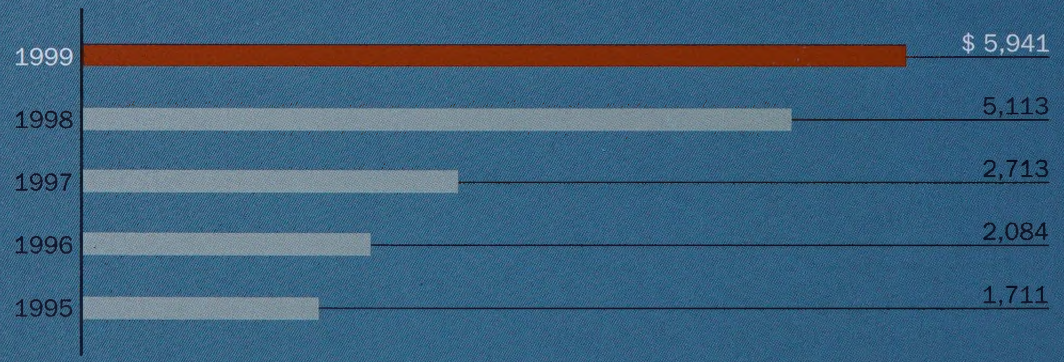
Tear off for future reference

REVENUES (000's)

REVENUES BY DIVISION 1999



NET EARNINGS (000's)



EARNINGS PER SHARE

strategic
MISSION

To be the most respected, market oriented leader in the real estate development industry, recognized for excellence, integrity and growth through financial strength and profitability.

REPORT TO SHAREHOLDERS

This is the **eighth year** that APEX has **continued** its tradition of **record financial results** and exciting new acquisitions destined to generate future profits. APEX reached a significant milestone this fiscal year by passing **$100 million in revenue.**

APEX operates three major profit divisions (Single Family Home Construction, Multi-Family and Land Development) which have contributed excellent earnings to the Corporation this fiscal year. All three divisions are focused on their own goals and opportunities and operate as their own entities with leadership second to none.

Fiscal 1999 activity highlights for each division are as follows:

Single Family Home Construction Division:

Jim Moir, President & COO of Excel Homes Inc. has over 30 years of experience in all facets of residential real estate and has lead his team to the following achievements this fiscal year:

- Excel sold 456 homes in fiscal 1999 for revenues of $61 million;
- Excel remains an industry leader in affordable housing, with current operations in 11 subdivisions in Alberta and looks to add 6 subdivisions in fiscal 2000;
- Excel's Edmonton division has made important progress and is heading towards an outstanding year for home sales.

Excel has produced over 2,500 Single Family homes in its eight years in the business and looks forward to continued success as a major division of APEX.

Multi-Family Division:

Bill Lefebre, Vice President Multi-Family Division, has over 25 years in the real estate business and has taken his division to incredible growth and opportunity. Fiscal 1999 achievements are as follows:

- Acquired *Newport*, a 6.75 acre development consisting of 145 units;
- *The Phoenician*, APEX's 190 unit complex was completed and 100% sold;
- *Royal Park*, an aging-in-place facility, was completed, fully leased, occupied, and is generating net operating income of $1.1 million per year;
- Purchased a joint venture interest in *Weston Village*, a 20.8-acre development in Toronto for the development of 138 units.

In keeping with APEX's aggressive pursuance of new opportunities, the Corporation has announced three additional Multi-Family acquisitions subsequent to April 30, 1999. These new purchases represent 445 units for a total of $73 million in revenue.

The recent purchases in Calgary by the Multi-Family Division will significantly impact future revenues and earnings for APEX starting in fiscal year 2001. This Division has successfully completed 4 projects for a total of 385 units and looks forward to the development of 5 new projects for a total of 622 units.

Land Development Division

Greg Lefebre, Senior Vice President, is a Chartered Accountant, has over 10 years experience in the land development business and continues to expand his Division with the following achievements:

- Purchased *Simon's Valley*, 363 acres in north Calgary with the potential for 1300 lots;
- APEX was also awarded the project management for the 160-acre *Royal Oak* project in northwest Calgary.

Since inception, APEX has developed over 3,500 lots in 13 subdivisions in 5 cities in Canada and USA. As of today, this Division holds lands that will produce over 5,000 lots for future development. The Corporation is constantly looking at possible land purchases and is currently analyzing and reviewing 5 opportunities for acquisition.

IN SUMMARY:

Over this past year, APEX has begun to reposition itself within its inside operations. All three divisions are being run independently by extremely competent leaders. Frank Boyd, P.Eng., President and Chief Executive Officer, has been moved from an operational focus to a position concentrating on mergers, acquisitions and raising capital. His duties will now focus primarily on the strategic growth of the Corporation as a whole and communications with the investment community.

At July 30, 1999, the Corporation repurchased 1 million of its common shares as per its Normal Course Issuer bid. This bid was issued because management believes that current and recent prices of its common shares do not reflect their underlying value.

We head into the new millennium with financial strength and optimism. We have numerous diverse projects which will produce profits well into the new century. We are well situated to benefit from the Alberta Advantage as the economy in Alberta has demonstrated diversification, resilience and strength after moving through a dramatic oil price decrease. Alberta has matured and emerged as a long-term and stable economic force.

With its internal repositioning, APEX ventures forward with short-term, mid-term and long-term visions and goals. In the short-term, APEX will sustain its level of achievement. In the mid- and long-term (fiscal 2001, 2002), the Corporation will reap the excellent financial benefits of its many projects that are now in the product introductory stage.

We stake our reputations on this vision and are confident that APEX Land Corporation will remain strong, progress and emerge as one of the premier real estate development companies in Canada.

Sincerely,

Frank Boyd
President and Chief Executive Officer

Jay Westman
Chairman of the Board

Cal Wenzel
Vice Chairman of the Board

STRATEGIC

Corporate Profile

APEX is a real estate development company based in Calgary, Alberta. The Corporation operates three divisions – Single Family Home Construction, Multi-Family Development and Land Development – within several market segments in Canada and the United States.

The Single Family Home Division operates through Excel Homes Inc., a wholly-owned subsidiary of APEX. Excel is one of Canada's largest builders of Single Family homes with operations in Calgary and Edmonton, Alberta. Excel has won numerous awards, including national recognition for its superior product and presentation.

The Multi-Family Division, operating through Nirvana Villages Ltd., develops and sells condominiums, and develops specialized housing projects targeted at the expanding senior citizen market. These projects are well located in the inner cities of Calgary, Alberta; Toronto, Ontario and Phoenix, Arizona. Nirvana Villages Ltd. is the proud recipient of the Calgary Region Home Builders Association's 1998 Sales and Marketing *Customer Choice Award – Mid Volume* and *Best Multi-Family Project – Apartment Complexes*.

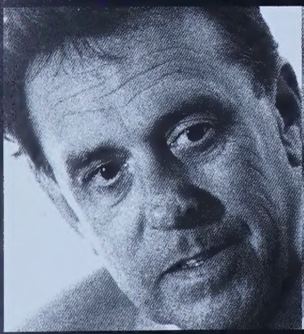
The Land Development Division acquires, develops and sells land for the construction of Single and Multi-Family dwellings. APEX subdivisions are located in Calgary and Edmonton, Alberta; Vernon, British Columbia and Toronto, Ontario. The land development division has been recognized for its extraordinary attention to detail and has won numerous awards for several subdivisions in both Calgary and Edmonton. This division has also been awarded the coveted *Best Developer* award.

APEX'S 18% Return on Equity is above the real estate development industry average reflecting the dedication of management to produce profits and promote growth.

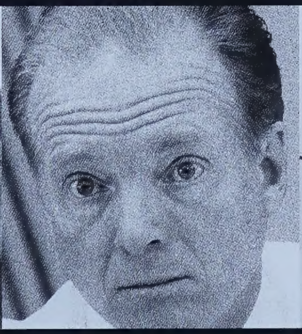
APEX boasts one of the lowest G&A percentages of real estate developers in Canada at 4.5%. This indicates the operating efficiency of APEX employees and systems at all levels.

strategic MANAGEMENT

▼ Frank **BOYD**



▼ John **TORODE**



▼ Gerry **MASUCH**

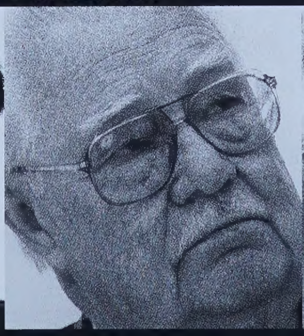
▼ Jay **WESTMAN**

▼ Murray **MULLEN**

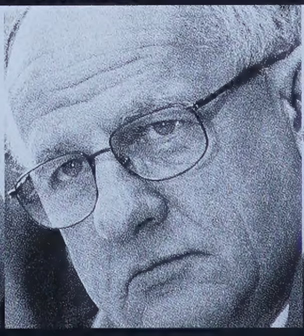
▼ Evelyn **FULTON**

▼ Greg **LEFEBRE**

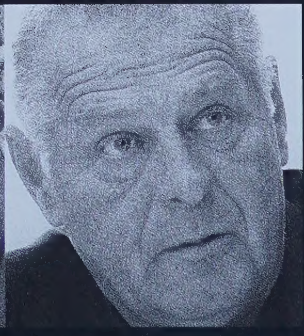
▼ Al **WESTMAN**



▼ Blaine **LEE**

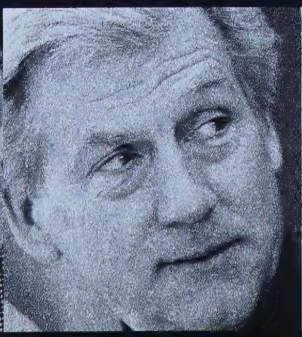


▼ Cal **WENZEL**

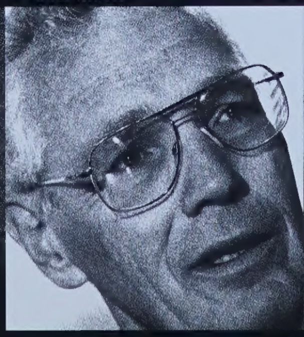


▼ David **GREGORY**

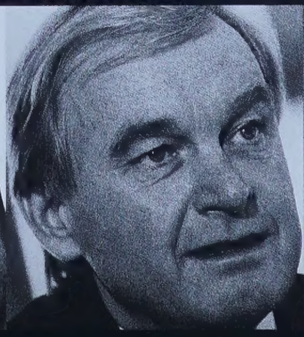
▼ Dennis **ZENTNER**



▼ Jim **MOIR**



▼ Bill **LEFEBRE**



▼ Ken **KING**

STRATEGIC

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1 out of every 5 Single Family homes built in Calgary is built by either Excel Homes (APEX's wholly owned subsidiary) or one of APEX's major shareholders – Jayman Master Builder Inc. or Shane Homes Ltd.. This reflects the extremely low risk of APEX holding land that it cannot develop.

strategic MANAGEMENT

STRATEGIC

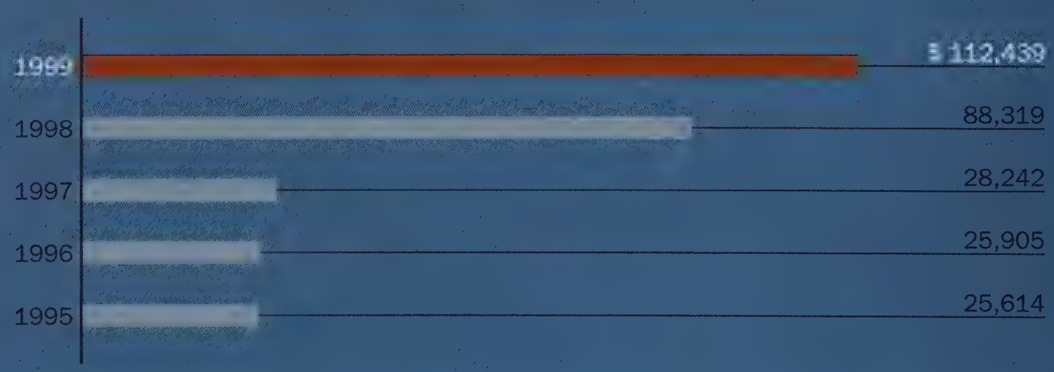
Strategic Diversification

The Corporation now enjoys revenues generated from three areas of residential real estate because APEX has diversified not only geographically but within the real estate industry itself – through operation of its three divisions which provide shelter to the public in three distinct market segments.

Excel Homes Inc. is one of Canada's largest builders of Single Family homes and has consistently been one of Calgary's leading home builders. By providing affordable Single Family housing, Excel will continue to enjoy great success in its primary target market – the first time home buyer. Excel is looking for substantial growth in the Edmonton market for fiscal 2000 and continues to look for expansion into major urban centers in North America.

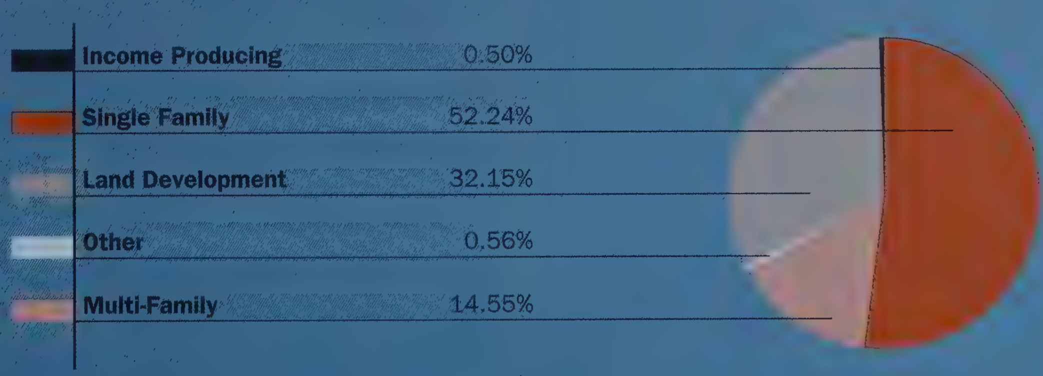
The Multi-Family Division once again achieved outstanding results in fiscal 1999. The excellence of the Division's innovative condominium and specialized projects and unerring target marketing are the key ingredients in the Division's current success and future growth. The Company also founded a niche market with its aging-in-place facility which is an income producing project.

REVENUES



strategic DIVERSIFICATION

REVENUES BY DIVISION 1999



STRATEGIC

The Land Development Division asset base expanded. The Division buys raw land, installs all services and subdivides into lots which are sold to builders for the construction of Single Family homes. It then maintains the community infrastructure for a minimum of two years – including all landscaping and underground and road maintenance. In addition to serving the broad builder market, the Land Development Division operates in conjunction with Excel Homes Inc. to deliver corporate economies, create synergistic growth and produce exceptionally well-received developments. This division also manages other subdivisions on a fee basis.

This year has seen the Corporation diversify into the income producing property via its *Royal Park* project. This project is an aging-in-place facility created by the synergy of the public and private sector – Carewest and APEX.

APEX's strategic diversity is reflected in the geographical markets where the corporation develops, the areas of real estate in which APEX is involved, and the vast knowledge and experience of its management team. APEX is a company that plans strategically and acts decisively, a company that is financially solid and committed to growth.

"There are no secrets. Some would say the key is old-fashioned hard work, passion about the business, and experienced people with a proven track record. Some would say you need strategic thinking leadership.

I agree.

Reputation, company name, and integrity coincide with record of performance – consistently accomplishing what we said we would each and every time. APEX's strength is in its people and we will continue to strive passionately in our areas of expertise to create shareholder value."

Jay Westman
Chairman of the Board

STRATEGIC

Strategic Growth

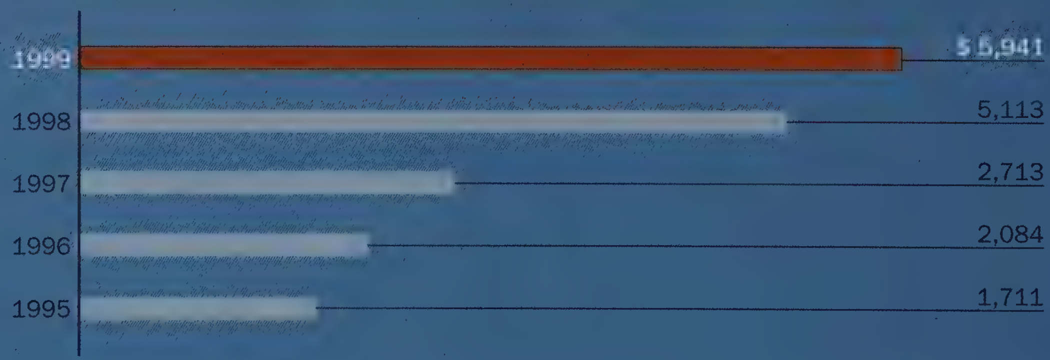
In eight short years, APEX has blossomed from strictly a land development company into a shelter provider within three facets of the real estate industry.

The Corporation has shown remarkable growth from $10.2 million in revenue and assets of $21.7 million in fiscal 1992 to over $100 million in revenue and assets of $153 million in fiscal 1999.

Looking to the future, APEX plans to grow its operations through mergers and acquisitions and actively searches for opportunities regarding income producing properties. The Corporation is continually looking for new ways to provide affordable shelter to the public.

APEX has taken advantage of its Multi-Family Division and its knowledge of the dynamics of the communities in which it builds condominiums. The Corporation develops its Multi-Family projects in well-established communities and markets the product to those ready for a change and a carefree lifestyle. This formula has worked extremely well for APEX in Calgary, Phoenix and Toronto.

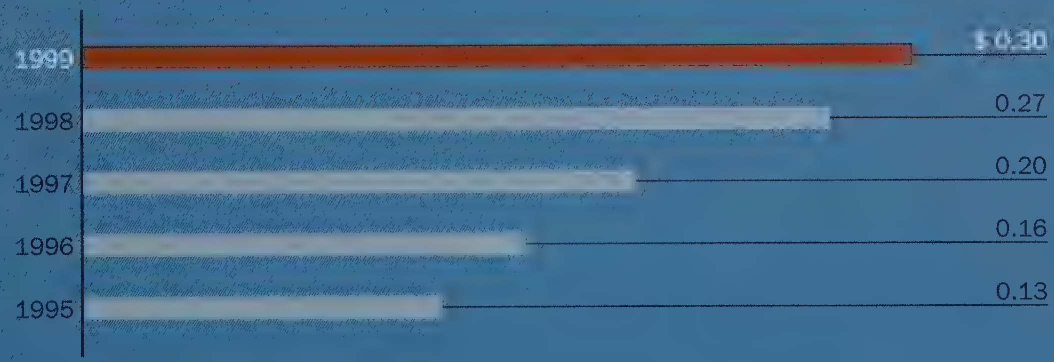
NET EARNINGS (000's)



strategic

GROWTH

EARNINGS PER SHARE



STRATEGIC

APEX's growth success is directed and propelled by these fundamental strengths:

- An unrelenting emphasis on management excellence and bottom line results aimed at increasing our financial capacity and maximizing revenues from all three divisions
- A powerful focus on producing quality projects, achieving a high level of service to our customers, and practicing prudently-aggressive entrepreneurship in real estate development
- Confident adherence to our primary corporate objectives: return on equity, continual bottom line improvements, and the unceasing creation of shareholder value

APEX has constantly increased the value, scope and returns on its operations through prudent selection of high growth markets, a dedicated, qualified management and staff, and a strict adherence to community values. These efforts will continue to serve and better position APEX in the future.

APEX owns 105 rental units at Royal Park which generates $1.1 million in operating income to the Corporation per year. APEX has captured this “niche and will actively look for more of these opportunities into the future – adding yet another division to the APEX family.

strategic OUTLOOK

APEX is well positioned to take advantage of the economic maturity, vitality and growing diversification of the Alberta market. Coupled with our strategic positions in other markets, APEX remains a balanced, financially strong, well-managed real estate company committed to the creation of shareholder value through aggressive yet prudent growth.

"In 1999, we once again achieved our goal of creating and enhancing shareholder value and we will continue to do so as we move strongly into the new millennium."

Frank Boyd
President and Chief Executive Officer

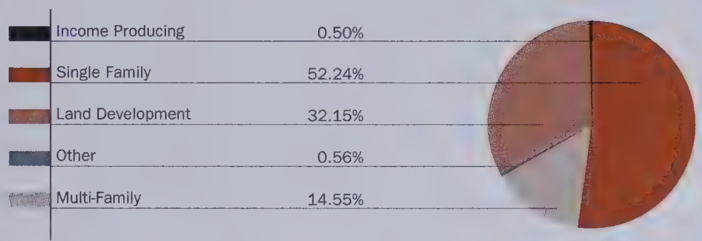
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

APEX Land Corporation is a real estate development company incorporated under the laws of the Province of Alberta on June 24, 1991. The Company invests in and manages the construction of Single Family and Multi-Family housing projects and acquires, develops and sells land for Single Family and Multi-Family dwellings.

All three of the Company's divisions – the Single Family Home Construction Division, the Multi-Family Development Division and the Land Development Division – contributed significant earnings in fiscal 1999.

1999 REVENUES BY DIVISION



SINGLE FAMILY HOME CONSTRUCTION DIVISION

Excel Homes Inc. (Excel) is APEX's house-building engine. Its activities are characterized by a high turnover of assets and return on equity. The division also complements APEX's land development activities by augmenting profits in APEX's subdivisions. Through Excel, APEX has become one of Canada's largest builders of starter homes in some of Canada's fastest growing markets.

APEX purchased Excel in October 1997. In fiscal 1999, Excel contributed $61.2 million in revenue which represents 52.24% of the Company's revenues as compared to the $29 million recorded over a seven month period in fiscal 1998. Excel currently has showhomes operating in seven subdivisions in Calgary and four subdivisions in Edmonton. These subdivisions include three of APEX's subdivisions: *Skyview* in Edmonton, and *Coventry Hills* and *Bridlewood* in Calgary. Excel captured 5.8% of the Calgary market and 1.9% of the Edmonton market during 1999 and has improved its market share in both cities during the first quarter of fiscal 2000. Excel achieved above industry margins in 1999 with rising house prices and exceptional management of costs.

MULTI-FAMILY DEVELOPMENT DIVISION

APEX's Multi-Family Division, Nirvana Villages Ltd., develops and sells condominiums and develops specialized housing projects for the senior citizen market. In fiscal 1999, this division accounted for 14.55% of the Company's revenues.

Condominiums Under Development

Calgary, Alberta
The final phase (89 units) of the 190-unit *Phoenician* condominium development, located in northwest Calgary, was completed and occupied in 1999, contributing $13.4 million in revenue.

Newport, contained within a master planned Multi-Family community, is situated in the fastest growing residential area of north Calgary. Phase 1 is a 145-unit development of townhouses and apartments. This project is unique as it is adjacent to a 22 acre water feature and a commercial centre and is within walking distance of shopping and entertainment. This is the first phase of Multi-Family development in this district and APEX has a preferred position with the owner of the lands to purchase an additional 50 acres of Multi-Family sites yielding approximately 1,200 units. Occupancies will begin in the spring of 2000 and corresponding revenues will be recognized in the last quarter of fiscal 2000. This project is in start-up mode and will not contribute significant revenues or profits in fiscal 2000.

Subsequent to year end, the Multi-Family Division announced three exciting new projects in Calgary, all located within the inner city of Calgary.

The Courtyards at Garrison Woods is a 178-unit, four-building apartment condominium development. This site is located in west Calgary, on a former Canadian Forces Base, containing over 400 acres. APEX is a 50% partner with Ceco Developments Ltd. (the operating partner) for this project. Ceco has built over 1,000 residential units in British Columbia, Manitoba, Oregon, and Colorado. The Courtyards at Garrison Woods has the potential to contribute to APEX's earnings in fiscal 2000 as the project has been approved by City Council, working drawings are completed, and 42 reservations are in place.

The second new Multi-Family site, known as *Stonehurst Place*, is located in Signal Hill, also in west Calgary. This upscale project will consist of 24 villas and 73 townhouses. It is located minutes from downtown, has panoramic views of the mountains and is adjacent to a new community recreation facility. Presales will commence this fall with occupancies in fiscal 2001.

The Division's third and the most exciting project is *The Renaissance* at North Hill in central Calgary. This complex will consist of two 10-story buildings containing approximately 176 residential units. The Renaissance will be constructed above a two-story enclosed parkade attached to an existing shopping centre, providing occupants enhanced mountain and city views. Residents of these apartments will have easy access to the newly-revamped shopping centre, public transit, and the Trans Canada Highway. Construction will start this winter with occupancies scheduled for fiscal 2001.

Phoenix, Arizona
The Enclave, a 60-unit luxury condominium complex in the Biltmore District of Phoenix, was purchased at the end of fiscal 1997. All eight buildings of this project are under construction. At the end of fiscal 1999 seven sales were recorded. The major portion of this project is expected to close in fiscal 2000 with the balance closing in the summer of 2000. During the first quarter of fiscal 2000, eight sales will close; there are also 13 reservations on additional units.

Toronto, Ontario
APEX is a part owner of the 138-unit *Weston Village* project located in an established neighborhood near Pearson International Airport and York University. The operating partner in this project – Fram Building Group – has over 20 years of experience in the construction of nearly 3000 residential units in Ontario, New York, Michigan, Illinois, and Texas. The project has created a great deal of interest, recording 17 reservations in the brief period since the sales centre opened in June 1999. Construction is expected to start in the fall with occupancies and revenues recorded in spring 2000. APEX will increase its ownership in this project during fiscal 2000. APEX will share in 60% of the profits and will earn a interest premium on its equity.

Income-Producing Property

Calgary, Alberta
Royal Park is a unique, 105-unit senior citizen rental apartment complex. This project is proof of APEX's commitment to increased revenue generation through expansion into the rapidly growing specialized rental market. Construction of *Royal Park* was completed in December 1998 with 65 occupancies in the first month of operation. The building will be fully leased in July 1999 and has a waiting list for potential renters. This facility is a partnership between Carewest, a subsidiary of the Calgary Regional Health Authority and APEX. This partnership of the public and private sectors is the first of its kind in Alberta. APEX provided project management expertise during construction while Carewest manages the day-to-day operations of the facility. The nursing-home residents and APEX's apartment residents share health care and food services. This makes for a more efficient system and allows couples to remain in the same facility while receiving different levels of care. APEX is actively pursuing sites for more facilities of this nature, which provide a steady cash flow to the Company. *Royal Park* projected net operating income for the next year is approximately $1.1 million.

Summary
The Multi-Family Division will be developing six projects consisting of approximately 800 units, with the majority of revenues to be recorded in fiscal 2001 and 2002. It is the Company's policy to expense up-front marketing and promotion costs so margins in this Division will decline in fiscal 2000 and improve when revenues are recorded upon occupancy.

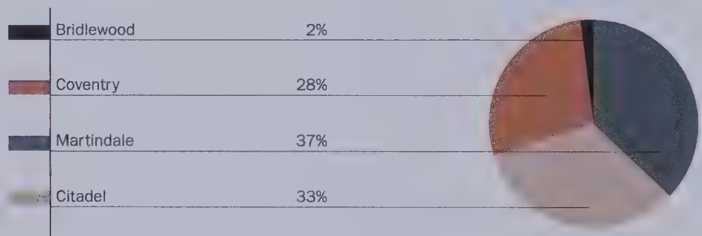
LAND DEVELOPMENT DIVISION

Land development remains the core of APEX's business, representing 32.15% of gross revenue in 1999. The land development process includes the purchase of land, planning and designing the future community, installing the necessary infrastructure – water, sewers, sidewalks, roads and parks – and finally subdividing the land into individual lots for sale to home builders.

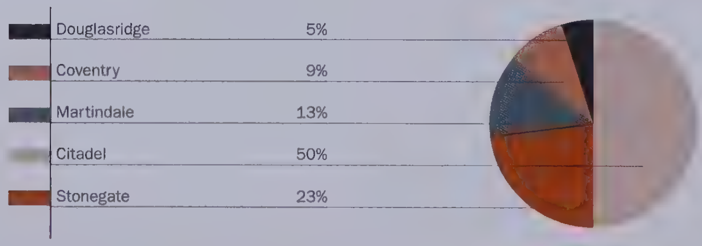
As in previous years, Alberta remains the largest contributor to the Company's residential lot sales with 93% of the 1999 divisional total (ignoring intersegment sales).

Calgary, Alberta
Within the province, Calgary made the strongest contribution with 58% of divisional revenue and this level is expected to continue as the city boasts an abundance of job opportunities and is an affordable place to live. Calgary is no longer as dependent on the oil industry as this past year testifies. The graphs below show the revenue contribution for the Calgary projects.

1999 LAND DIVISION REVENUES – Calgary Projects



1998 LAND DIVISION REVENUES – Calgary Projects



Bridlewood, located in southwest Calgary, is a new subdivision for APEX replacing the *Douglasridge* and *Stonegate* subdivisions which sold out last year. The first phase of 186 lots was serviced for two different markets – *Bridlepost's* lots for the move-up market and *Bridleglen's* lots for the starter-home market. Excel is building in the latter market. This project did not contribute significant earnings because of a February 1999 showhomes opening and because Excel did not have occupancies until after April 30, 1999.

New Haven of Coventry Hills, located in north Calgary, was sold directly to individuals and smaller builders resulting in a significant contribution to Calgary's revenues.

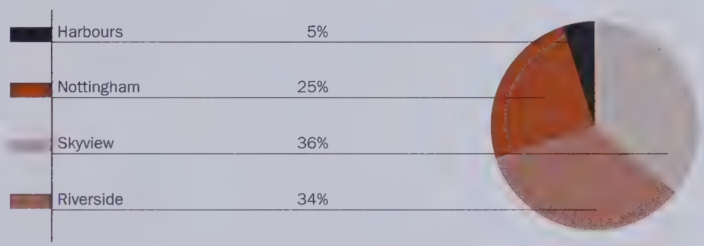
This year, APEX's premier project, *Citadel* in northwest Calgary, did not contribute as much revenue as in 1998. This project lost market share due to an inventory shortage due to servicing issues in the spring of 1998. The project ended the year with 236 lots in inventory and deposits on over 50 lots at year-end, which will convert to sales in the first quarter of fiscal 2000 and will recapture former market share.

Martindale, located in northeast Calgary, provides lots for starter homes. This is an Excel subdivision and revenue growth is due to APEX ownership for twelve months compared to seven months in 1998.

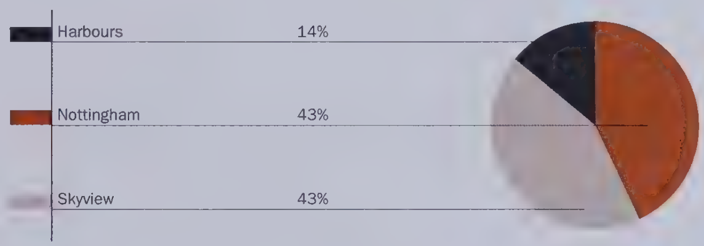
During the year, APEX completed the purchase of 362 acres in north Calgary. This project, called *Simons Valley,* will be developed into 1300 lots over the next seven years. It is strategically located for future growth in north Calgary, and will be a perfect continuation to the Company's development program as Citadel reaches its final stages.

Edmonton, Alberta
Four Edmonton projects contributed $14.4 million, or 42%, of divisional revenue this past fiscal year. The graphs below show the revenue contribution for the projects.

1999 LAND DIVISION REVENUES – Edmonton Projects



1998 LAND DIVISION REVENUES – Edmonton Projects



This year, *Skyview* in central northwest Edmonton was repositioned for three different housing markets – estate, middle and starter. Over 200 lots and a lake were constructed and sales have been strong with new product to be built this summer. Excel is the showhome builder in the starter market, with strong sales in this area. These sales will not be reflected in earnings until the customer takes possession of the home.

Riverside in southwest Edmonton, was purchased at the end of last year, and the first phase of 57 lots and 2 Multi-Family sites were sold this fiscal year. *Riverside* has over 60 acres remaining for development and will continue to provide revenues to the Edmonton Land Division for several years. APEX's existing Edmonton projects are well-positioned to contribute strong revenues through 2000.

Vernon, British Columbia
APEX's portfolio includes two subdivisions in British Columbia – *Country Springs* and the *Meadows of Fulton,* both located in Vernon. APEX purchased its partner's portion in each project and now owns 100% of both projects. With the British Columbia economy and real estate markets continuing to lag, these projects did not contribute significantly to overall revenues – $.5 million. However, during the first quarter of fiscal 2000 all remaining lots were sold in the *Meadows of Fulton* leaving only 12 lots and 36 acres in *Country Springs.*

Vaughn, Ontario
The *Maplewood* subdivision, located in the City of Vaughn, northeast of Toronto, is the Company's first project in Ontario. APEX is a 50% owner of *Maplewood,* which consists of 300 acres to be developed into 266 Single Family lots and 698 Multi-Family units. To date, this project has not performed to the Company's expectations with costs significantly higher than projected resulting in a $1 million loss this year. Subsequent to year-end, APEX has signed a letter of intent to acquire a larger ownership in the Multi-Family site of *Weston Village* on Oak Street in Toronto and sell its 50% interest in *Maplewood.*

ASSETS

Total assets of APEX are currently $153.2 million, a 15% increase or $20 million over fiscal 1998. These increases are due to:

- land purchases of $17.8 million, including 420 acres for development of over 1,300 lots and 138 Multi-Family units;
- a decrease in land held by $5.5 million, representing development of 194 acres into 1,138 lots for sale;
- increased lot inventory of $14.8 million or 415 lots due to repositioning *Skyview,* the new *Bridlewood* subdivision with a 177-lot inventory, the inability to record sales until occupancy takes place and the sale is recorded through Excel, and *Citadel's* higher lot inventory compared to a sold-out position in April, 1998;
- an increase in Multi-Family assets, includes income producing and condominiums, of $3.2 million. This is due to completion of the income-producing property of *Royal Park* adding $4.8 million, offset by a reduction in Multi-Family units by $1.6 million due to more units sold than constructed during the year;
- a decrease in agreement receivables of $3.4 million due to the payout of lots in Maplewood; and,
- a decrease in cash of $4.7 million with the construction of the lot inventory described above and the retirement of debt in *Maplewood.*

			Land Development	
	Single Family	Multi-Family	Lots	Acres
May 1, 1998, opening inventory	275	2	444	936
Purchased	–	–	495	420
Developed	412	99	1,138	(194)
Sold	(456)	(101)	(1,158)	(59)
Intersegment	–	–	(60)	–
April 30, 1999, closing inventory	231	0	859	1,103

LIABILITIES AND EQUITY

Liabilities
In fiscal 1999, liabilities increased $13.8 million to $111 million. This increase is due to:

- land acquisitions amounting to 420 acres purchased with mortgages of $16.7 million of which $4 million is non-recourse and non-interest bearing;
- the completion of *Royal Park,* an income-producing property which added $5.2 million in financing which will increase during fiscal 2000 upon placement of permanent financing to match the steady operating income;
- a decrease in operating and construction lines for existing projects of $2.2 million; and,
- remaining liabilities decreased by $6.1 million reflecting the completion of the Multi-Family *Phoenician* project, various phases in land development, and reduced customer deposits in the Single Family and Multi-Family divisions.

Equity
Equity grew by 17% to $42.2 million. This increase is due to $5.9 million of net earnings. The normal course issuer bid bought back 881,000 shares for $1.5 million at an average of $1.74 per share which is less than APEX's book value of $2.07 per share. The shares purchased through the normal course issuer bid helped to offset the effect of the 1 million shares issued for the management fee associated with the Excel purchase.

LIQUIDITY AND CAPITAL RESOURCES

At the completion of fiscal 1999, the Company's cash position was $3.1 million with an unused operating line of credit of $ 9.5 million, in addition to construction facilities to complete projects.

Financing-to-equity increased from 1.9:1 in 1998 to 2.1:1 in 1999, which is in line with the Company's recent growth and diversification. Lands of $17.8 million were purchased with debt of $16.7 million. This debt will decline as units are sold within the next 24 months. APEX maintained excellent interest coverage of 2.4 in 1999 and without the management fee of $1.7 million this coverage increases to 2.7.

REVIEW OF OPERATING RESULTS

Net earnings have grown 16% to $5.9 million in 1999 compared to $5.1 million in 1998. The earnings per share did not increase the same amount as net earnings due to the 5% increase in the number of shares outstanding on a weighted-average basis. The earnings per share increased 11% to $.30 per share.

This growth in earnings incorporates the management fee expense of $1.7 million paid to the previous owners of Excel. This expense represents $.04 earnings per share or 2% of revenues. This fee is based on Excel's accumulated net earnings over a three-year period exceeding a minimum net earning threshold. This fee was paid with the issuance of one million shares. This expense is a non-cash item but the dollar amount is determined by the trading value of the shares at the time of issuance. It was to the Company's benefit to record this expense in 1999 with strong earnings combined with the low trading value of the common shares and thereby eliminate any uncertainty of the amount of the future expense. These shares are held in escrow until fiscal 2001, pursuant to the terms of the original agreement. In the unlikely event Excel does not meet the accumulated earnings determined in the agreement, these shares would be cancelled and a reversal of the expense would appear in the financial statements. Also in fiscal 2001, upon release of shares from escrow, APEX will reduce its current income taxes.

REVENUES – RESIDENTIAL SALES

Overall revenues from sales increased by 27% to $112 million. The Single Family Home Division contributed 52% of this total representing $61.2 million, a 110% increase from last years' revenues of $29 million. This increase is due to twelve months of operations (compared to seven months of operations in fiscal 1998) and increased house prices. The Land Development Division contributed 32% of the total representing $37.7 million, including $4.7 million in sales to Excel. The Multi-Family Division contributed 14.55% of the total representing $17 million, an 11% increase over the $15.4 million recorded in 1998. This year APEX is also recording rental income from *Royal Park* of $0.6 million. These rents are for a partial year as tenant occupancies began in December, 1998. As at April 30, 1999 the building is 80% leased and will be fully occupied by July, 1999, with a waiting list.

The gross margin – sales less cost – as a percentage of revenue, has increased even though the *Maplewood* project had higher up-front costs and showed a $1 million loss. The margin increase is due to price increases for homes in Calgary. Both the Single Family and Multi-Family divisions have benefited from the price increases but were able to maintain costs.

ADMINISTRATION AND PROFESSIONAL FEES

Administration and professional fees were 4.4% of revenues, an increase from 3.5% in 1998. This increase is due to increased staff required for the volumes of sales and work associated with Multi-Family sites, joint ventures and management contracts with no corresponding revenues in the current fiscal year.

RISKS AND UNCERTAINTIES

The Company is exposed to certain risks and uncertainties in the normal course of its business. Real estate markets are cyclical in nature. Although these markets are expected to sustain their growth for the foreseeable future, downturns could affect future earnings.

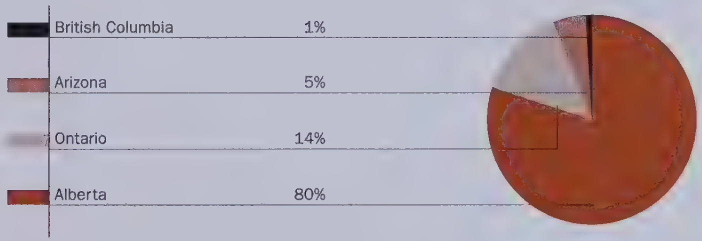
Certain external factors which are not in management's control could also have an impact on the Company's business. These are:

- interest rate levels;
- a shift in population growth patterns;
- general economic conditions;
- consumer confidence;
- government policies and regulations;
- price changes in building products.

Other risks include:

- The risk inherent in having the majority of the Company's business operations confined to a single province. Over 80 % of APEX's assets are in Alberta as illustrated below. The Company is seeking to mitigate this risk by employing the profits obtained as a result of the strong Alberta economy to expand geographically into other high-growth areas.

REAL ESTATE BY GEOGRAPHIC REGION



- The risk of using debt to fund investments which could result in the Company's inability to meet its obligations to lenders. The Company reduces this risk by:
  - partnering only with leading builders;
  - employing Excel to sell product within Company-owned subdivisions;
  - buying immediately developable lands;
  - maintaining a minimum interest coverage of 2;
  - employing a conservative policy of expensing up-front costs at the beginning a project thus creating higher margins at the end of a project when all costs are defined.

APEX is confident that the creativity and broad industry knowledge of its management and staff, combined with its stringent cash flow management policies, will deal effectively with risks and uncertainties as they arise.

YEAR 2000 COMPLIANCE

Year 2000 compliance refers to the risk that computer systems and any other equipment which use a two-digit year code may fail to recognize dates beyond the year 2000, effectively 'crashing' a company's financial and other business systems. Although APEX engages in a business which would not be materially affected by Year 2000 problems, the Company has, nonetheless, replaced the majority of its computer equipment and installed a new accounting package in the last 24 months. In addition, the Company completed a review of all equipment, software and business processes to ensure the avoidance of all Year 2000 problems.

APEX interacts with many other entities in the normal course of business. Key business partners have been asked to provide APEX with their assurances of Year 2000 readiness in an effort to minimize the impact of external factors on operations. However, the complex nature of these relationships with suppliers, customers, professional consultants, and financial institutions means that APEX cannot responsibly offer any guarantees that specifically relate to Year 2000 readiness.

OUTLOOK

As the Company looks ahead to the future, the Company has positioned itself in three of the strongest markets in North America: Alberta, Ontario, and Arizona. Alberta and Arizona are experiencing strong in-migration, while Ontario is experiencing both natural growth and immigration.

Multi-Family

Over the next 10 years, the population of seniors will increase significantly. This segment of the population has a large disposable income and seeks a maintenance-free lifestyle. APEX's six condominiums projects under development place the Company in a good position to capture this market.

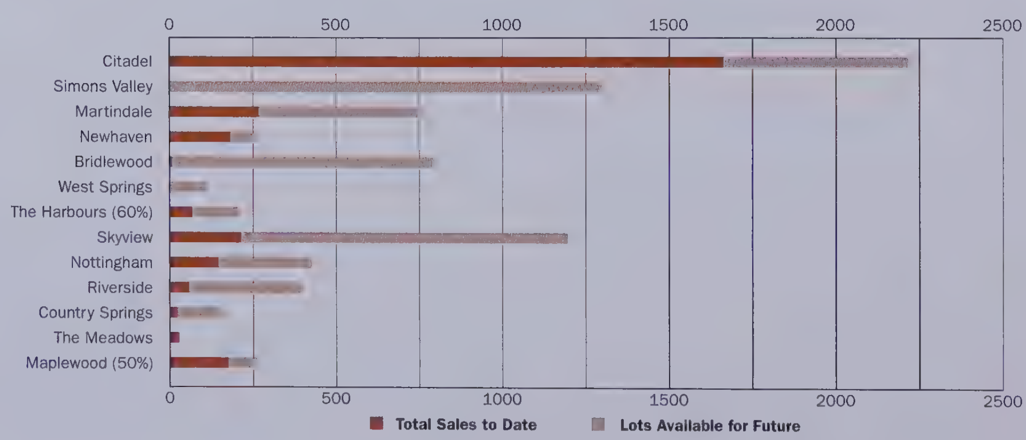
This ageing population will demand facilities that provide a range of services like those offered at *Royal Park* (a full-care facility). APEX is actively pursuing similar ventures with a proposal to be finalised in the fall of 1999.

MULTI-DIVISION UNITS
at April 30, 1999

Single Family and Land Development

The extraordinary population growth that Alberta has experienced over the last few years is returning to more normal levels. Many of the people who are migrating into in Alberta represent a younger segment of the population who are seeking the opportunities Alberta provides as well as the lifestyle. Excel builds Single Family starter homes, which are targeted at this market segment. Heading into the fiscal year 2000, Excel had 145 pre-sales on homes which will be recognized as revenue in the first quarter of fiscal 2000. APEX's partnership with major builders will provide access to all market segments. As the graph below shows, APEX has the lot inventory to meet this demand and is poised to capture market share as Alberta's economy continues to diversify and grow.

LAND-DIVISION LOTS
at April 30, 1999



MANAGEMENT'S REPORT TO SHAREHOLDERS

The consolidated financial statements of APEX Land Corporation have been prepared by management of the Company in accordance with generally accepted accounting principles appropriate for the real estate industry. The financial information contained elsewhere in this annual report is consistent with that in the financial statements.

Management maintains a system of internal controls which is designed to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information. Where necessary, management uses judgment to make estimates required to ensure fair and consistent presentation of this information.

External auditors, appointed by the shareholders, conduct an independent examination in accordance with generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the Audit Committee.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee of the Board of Directors of the Company has reviewed the Consolidated Financial Statements with management and the external auditors and recommended its approval by the Board of Directors. The Audit Committee also reviewed the Management's Discussion and Analysis.

Management recognizes its responsibility for conducting the Company's affairs in compliance with applicable laws and proper standards of conduct.

E. Fulton

Evelyn Fulton, CMA
Chief Financial Officer

Greg Lefebre

Greg Lefebre
Vice President Development

AUDITORS' REPORT

To the Shareholders of APEX Land Corporation

We have audited the consolidated balance sheets of APEX Land Corporation as at April 30, 1999 and 1998 and the consolidated statements of earnings and retained earnings and cash flow for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 1999 and 1998 and the results of its operations and cash flow for the years then ended in accordance with generally accepted accounting principles.

Collins Barrow

Calgary, Alberta
June 11, 1999

CHARTERED ACCOUNTANTS

CONSOLIDATED BALANCE SHEETS

April 30, 1999 and 1998

(000's)	Note	1999	1998
Assets			
Cash		$ 3,096	$ 7,831
Accounts receivable	3	2,128	2,591
Agreements receivable	4	14,000	17,361
Real estate	5	131,733	103,468
Other assets	6	2,249	1,898
		$ 153,206	$ 133,149
Liabilities			
Accounts payable	7	$ 11,267	$ 13,941
Land development service costs		10,009	12,584
Financing	8	89,595	69,629
Deferred income taxes		128	1,022
		$ 110,999	$ 97,176
Shareholders' Equity			
Share capital	9	22,467	21,585
Retained earnings		19,740	14,388
		42,207	35,973
		$ 153,206	$ 133,149

Contingent liability 10

Signed on behalf of the Board,

Director

Director

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Years Ended April 30, 1999 and 1998

(000's, except for earnings per share)	Note	1999	1998
Revenue			
Residential sales and rents		$ 111,785	$ 87,426
Other		654	893
		112,439	88,319
Expenses			
Residential sales and rents		91,789	74,307
Management fees	9	1,710	–
Office administration		4,167	2,383
Professional and investor relations		796	730
Interest and amortization of financing costs		2,320	1,887
Amortization of capital assets		456	202
		101,238	79,509
Earnings before income taxes		11,201	8,810
Provision for income taxes (recovery)			
Current		6,154	3,728
Deferred		(894)	100
Utilization of tax loss carry-forward		–	(131)
		5,260	3,697
Net earnings for the year		5,941	5,113
Retained earnings, beginning of year		14,388	9,275
Premium on shares acquired for cancellation	9	(589)	–
Retained earnings, end of year		$ 19,740	$ 14,388
Earnings per common share	11		
Basic		$ 0.30	$ 0.27
Fully diluted		$ 0.28	$ 0.25

CONSOLIDATED STATEMENTS OF CASH FLOW

Years Ended April 30, 1999 and 1998

(000's, except for cash flow per share)	Note	1999	1998
Cash provided by (used in):			
Operating activities			
Net earnings for the year		$ 5,941	$ 5,113
Items not affecting cash			
Amortization of capital assets		456	202
Amortization of financing costs		164	137
Deferred income taxes		(894)	100
Operating cash flow		5,667	5,552
Agreements receivable		3,361	(5,500)
Land held for development and sale		(3,062)	(11,230)
Operating assets		70	1,342
Operating liabilities		(2,674)	4,860
		3,362	(4,976)
Financing activities			
Financing		19,966	35,272
Financing assumed on business combination		–	18,575
Share capital issued/repurchased, net		303	7,627
Share capital issued on business combination		–	8,280
Share issue costs		(10)	(724)
		20,259	69,030
Investing activities			
Income producing property		(8,271)	–
Real estate acquisitions		(19,507)	(22,759)
Real estate acquired on business combination		–	(36,815)
Purchase of capital assets		(578)	(714)
		(28,356)	(60,288)
Net increase (decrease) in cash		(4,735)	3,766
Cash, beginning of year		7,831	4,065
Cash, end of year		$ 3,096	$ 7,831
Operating cash flow per common share	11		
Basic		$ 0.28	$ 0.29
Fully diluted		$ 0.26	$ 0.27

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The Company follows the recommendations of the Canadian Institute of Chartered Accountants and the Canadian Institute of Public Real Estate Companies. The presentation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods.

(b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

Excel Homes Inc.	592422 Alberta Ltd.
Nirvana Villages Ltd.	Altius Land Corporation Ltd.

Investments in joint ventures and partnerships are accounted for using the proportionate consolidation method whereby the Company's proportionate share of the assets, liabilities and the related revenues and expenses of joint ventures and partnerships are included in the financial statements.

The Company's investments have been recorded at the lower of cost and net realizable value.

(c) Revenue recognition

Land development

Revenue is recognized when a contract for sale is signed, a minimum of 15% of the sale proceeds has been received and the collectibility of the remaining proceeds is reasonably assured. Proceeds due from sale of land are presented as agreements receivable.

Single Family units and condominiums

Revenue is recognized on the occupancy of the unit.

(d) Real estate

Land development

Land held for development and sale is recorded at the lower of cost and estimated net realizable value.

Costs capitalized to land held for development and sale include all direct costs relating to the projects, carrying costs including interest on debt used to finance project acquisitions, property taxes and land acquisition costs. Corporate administration overhead is not capitalized.

Servicing and land costs are allocated to each phase of a land development on a projected gross margin basis at the time the Company enters into a development agreement. These total costs of a development are then allocated to individual units on the basis of anticipated selling prices maintaining the same gross margin on a unit and phase basis.

The total estimated servicing and development costs relating to land development projects are recorded as a liability at the time the first sale from a phase is made. The unexpended portion of these costs is shown as a liability – "Land development service costs." Whenever the estimate is determined to be materially different from the actual costs incurred or expected to be incurred, an adjustment is made to the liability with a corresponding adjustment to the cost of sales and lot inventory. Independent engineers calculate the estimates. However, until the municipality accepts the completed development, these costs are subject to uncertainty.

Single Family units and condominiums

Under development	The inventory is valued at the lower of cost, which includes land, construction financing, direct construction costs and construction overhead, and net realizable value.
Held for sale	Units held for sale are amortized during periods when they are rented. Amortization is calculated at 4% per annum on a declining balance method.

Income producing properties

Income producing properties are valued at the lower of cost, which includes land, construction financing, direct construction costs and construction overhead, and net realizable value. Amortization is calculated at 4% per annum on a declining balance method.

(e) Other assets
Debenture issue and other financing costs are amortized over the term of the related debt.

Capital assets consist of office furniture and equipment, automobile, showhome furnishings and leasehold improvements stated at cost less accumulated amortization. Amortization is calculated at 20% and 30% per annum on a declining balance for all capital assets except leaseholds which are amortized on a straight-line basis over the terms of the lease plus its renewal period.

(f) Income taxes
The Company follows the tax deferral method in providing for income taxes. Under this method, deferred income taxes arise because certain income and expense items are reflected in the financial statements in different years from those in which the items are reported for income tax purposes. Deferred income taxes are provided on those timing differences as they arise, at the current tax rates. Deferred income taxes are not adjusted for income tax rate changes.

(g) Foreign currency translation
The Company's foreign operations are considered self-sustaining and are translated into Canadian dollars using the current rate method. Accounts in United States currency have been translated into Canadian currency as follows:

Monetary assets and liabilities at the rate prevailing at the balance sheet date;
Revenue and expenses at the average rate for the year.

Resulting translation gains or losses are deferred until there is a realized reduction of the investment in the foreign operation.

(h) Financial instruments
Financial instruments, which includes receivables, accounts payable, land development service costs and financing are recorded at the lower of their cost and estimated realizable value. Unless otherwise disclosed, the fair value of all financial instruments approximates their carrying values.

(i) Preferred shares
Preferred shares which are redeemable on demand at the option of the holder of those shares or which have a specific redemption date are recorded on the balance sheet as a liability at their stated redemption price as at the date of issue. Any gains or losses realized on these shares subsequent to the date of issue or any future dividends paid are recognized on the statement of earnings of that period.

2. BUSINESS COMBINATIONS

(a) Effective May 1, 1997, the Company acquired the assets of an Edmonton land development company. The fair value of the assets acquired is as follows:

(000's)	
Cash	$ 49
Agreements receivable	3,000
Real estate	17,991
Other assets	258
	$ 21,298
Other liabilities	$ 1,929
Financing	7,409
	$ 9,338

Consideration included cash of $5,230,000, 840,336 Class A common shares valued at $2,000,000 and a vendor take back mortgage of $4,730,000.

(b) Effective October 2, 1997, the Company acquired all of the outstanding shares of Excel Homes Inc. ("Excel"), a major Alberta homebuilder. The fair value of the assets acquired is as follows:

(000's)	
Cash	$ 1,009
Accounts receivable	1,620
Real estate	19,253
Other assets	1,290
	$ 23,172
Other liabilities	$ 5,726
Financing	11,166
	$ 16,892

Consideration for this purchase was 1,820,290 Class A common shares with a value of $6,280,000.

The above business combinations were accounted for using the purchase method.

3. ACCOUNTS RECEIVABLE

(000's)	1999	1998
Trade accounts, GST and other receivables	$ 890	$ 1,239
Amounts due on Single Family units	674	788
Loans to officers under option plan	564	564
	$ 2,128	$ 2,591

The loans to officers are interest free and were granted to certain officers to acquire preferred shares of the Company under the bonus plan approved at the 1996 Annual General Meeting. These loans are repayable on the earlier of termination of employment or April 30, 2001. The shares are held in trust by legal counsel until fully paid.

4. AGREEMENTS RECEIVABLE

Agreements receivable are secured by underlying real estate assets. Generally, these receivables involve a payment of a deposit of 15% to 20% and a six month agreement for sale, during which three months are interest free and the remaining term has interest charged at prime plus 1% per annum.

Agreements receivable are primarily related to land sales in Alberta, British Columbia and Ontario and are subject to the related economic conditions of that region.

The rates of interest received on these receivables approximates the current rates available for secured real estate financing with similar terms and maturities.

The Company is exposed to credit risk to the extent that borrowers may fail to meet their contractual obligations. This risk is mitigated by a charge on the secured property.

5. REAL ESTATE

(000's)	1999	1998
Land held for sale	$ 32,119	$ 17,175
Land held for development	65,937	53,522
Condominiums held for sale	–	219
Condominiums under development	8,385	13,127
Single Family units held for sale	16,992	17,178
Deposits on land	180	2,247
Income producing property	8,120	–
	$ 131,733	$ 103,468
Interest expensed through cost of sales	$ 1,301	$ 2,002
Interest capitalized to real estate	4,199	2,240
Units		
Land held for sale – lots	859	444
Land held for development – acres	1,103	936
Condominiums held for sale – units	–	2
Single Family units held for sale – units	231	275

April 30, 1999 and 1998

6. OTHER ASSETS

(000's)	1999 Cost	1999 Accumulated Amortization	1999 Net Book Value
Capital assets	$ 1,906	$ 713	$ 1,193
Financing costs	193	86	107
Prepaid expenses	316	–	316
Other	633	–	633
	$ 3,048	$ 799	$ 2,249

(000's)	1998 Cost	1998 Accumulated Amortization	1998 Net Book Value
Capital assets	$ 1,554	$ 483	$ 1,071
Financing costs	936	579	357
Prepaid expenses	270	–	270
Other	200	–	200
	$ 2,960	$ 1,062	$ 1,898

7. ACCOUNTS PAYABLE

(000's)	1999	1998
Trade accounts and accrued liabilities	$ 8,318	$ 8,829
Customer deposits - lots, condominiums and Single Family	2,127	3,730
Income taxes	82	910
Interest payable	740	472
	$ 11,267	$ 13,941

8. FINANCING

(000's)	Weighted Average Interest Rate 1999	Weighted Average Interest Rate 1998	1999	1998
Loans for land held for development	5.87%	6.95%	$ 37,716	$ 31,804
Project construction loans and operating lines	6.43%	7.50%	35,267	21,213
Corporate debentures	9.84%	9.78%	16,048	16,048
Preferred shares – Class C			564	564
			$ 89,595	$ 69,629

Principal repayments are projected as follows:

(000's)	
2000	$ 38,927
2001	30,499
2002	6,004
2003	3,620
2004	1,769
Subsequent	8,776
	$ 89,595

The majority of principal repayments are based on projected lot sales and estimates are subject to general economic conditions.

Loans for land held for development and project construction loans and operating lines

These loans are from various financial institutions, are secured by pledging the related project lands and by the assignment of agreements receivable, sale proceeds and insurance proceeds. The majority of these loans are repaid from sale proceeds.

The Company has $3,454,775 ($2,371,156 U.S.) [1998 – $1,349,000 ($943,000 U.S.)] loans denominated in U.S. dollars.

Corporate debentures

One Corporate debenture for $5,000,000 is collateralized by a fixed charge mortgage on a specific project and is subordinate to a specific mortgage charge to a maximum of $8,000,000. The net assets of the project are sufficient to satisfy the debenture.

The remaining Corporate debentures are general corporation debt collateralized by a floating charge on all assets and undertakings of the Company, and are subordinate to specific project financing and all security granted to the Company's bankers which includes fixed and floating charges on specific assets and a general security agreement.

On September 30, 1992, 9.25% convertible debentures with a face value of $875,000 were issued. Each $2,750 debenture was convertible at the option of the holder into Class A common shares until September 30, 1997. On September 30, 1997, the remaining debentures that were not converted, in the amount of $118,000, were paid out.

Preferred shares

Class C

At the 1996 Annual General Meeting, a bonus plan for the officers and employees of the Company was approved. It consists of a cash component, a grant of options in accordance with the Corporation's Option Plan (note 9), and the issuance of 140,000 Class C redeemable first preferred shares, Series A (the "Series A shares").

The 140,000 Series A shares are non-voting, have a fixed value of $4.03 per share and are redeemable April 30, 2001. The shares pay a dividend of one Class A common share for each share the executive retains, declared and paid annually. The Company provided interest-free loans in the amount of $564,000 for the purchase of the shares (see note 3).

9. SHARE CAPITAL

Authorized

- Unlimited number of Class A common voting shares
- Unlimited number of Class B common voting shares
- Unlimited number of Class C common non-voting shares
- Unlimited number of Class D common non-voting shares
- Unlimited number of Class C redeemable first preferred shares (note 8)
- Unlimited number of Class E redeemable voting preferred shares
- Unlimited number of Class F 8.75% redeemable non-voting, non-cumulative preferred shares

(000's)	Number	Stated Value
Issued – Class A common shares		
Balance, April 30, 1997	13,978	$ 6,402
Issued May 1, 1997 for acquisition [note 2(a)]	840	2,000
Issued May 15, 1997 for cash	3,131	7,452
Class C preferred shares dividends issued June 10, 1997 (note 8)	140	–
Issued October 2, 1997 for acquisition [note 2(b)]	1,820	6,280
Options exercised throughout the year	114	175
	20,023	22,309
Less: Issue costs	–	724
Balance, April 30, 1998	20,023	21,585
Class C preferred shares dividends issued June 18, 1998 (note 8)	140	–
Issued April 28, 1999 for management fees	1,000	1,710
Options exercised throughout the year	125	125
Normal course issuer bid	(881)	(943)
	20,407	22,477
Less: Issue and acquisition costs	–	10
Balance, April 30, 1999	20,407	$ 22,467

Common shares

On May 14, 1997, the Company closed a private placement offering of 3,131,092 special warrants at a price of $2.38 per special warrant entitling the purchaser to one Class A common share and a warrant to purchase a Class A common share.

Pursuant to a Management Consulting Services Agreement (the "Agreement") between the Company and two major shareholders for the management of Excel, additional management compensation has been paid. The compensation, calculated based on Excel's three year accumulated net earnings exceeding a minimum, was satisfied through the issuance of 1,000,000 Class A common shares at an average trading price of $1.71 per share. These shares will be held in escrow until their release, in full or in part, upon the satisfaction of certain performance conditions of Excel pursuant to the Agreement. Any shares not released from escrow by March 1, 2001 will be returned to the Company for cancellation.

The Company commenced a normal course issuer bid on November 23, 1998, allowing it to purchase up to 1,000,000 Class A common shares for cancellation until its termination on November 22, 1999 or such earlier time as the bid is complete. As at April 30, 1999, the Company has acquired and cancelled 881,200 Class A common shares at a cost of $1,532,000. The excess of the cost over stated value of the shares acquired of $589,000 has been charged to retained earnings.

Stock options

As at the year-end, the Company has reserved 1,308,000 (1998 – 1,541,000) Class A common shares for issuance under the Company's stock option plans to employees and directors as follows:

	Exercise Price Per Share	Number of Shares	
Expiry Date		1999	1998
June 1998	$ 1.00	–	125,000
April 2001	1.10	675,000	675,000
April 2002	2.08	108,000	216,000
September 2002	4.20	525,000	525,000
		1,308,000	1,541,000

Under the plans, the maximum number of shares which can be exercised in the next four fiscal years is as follows:

Fiscal Year	Maximum Number of Shares
2000	781,000
2001	281,000
2002	141,000
2003	105,000
	1,308,000

Warrants

As at the year-end, the Company has reserved 1,986,000 (1998 – 1,986,000) Class A common shares for issuance on the exercise of warrants at a price of $2.80 per share until expiry November 1999.

10. CONTINGENT LIABILITY

The Company has been named as a defendant in a lawsuit arising out of an industrial accident at one of the Company's projects. Legal counsel for the Company has advised that it is premature to make any evaluation of the claim, and the Company is insured for the amount. Consequently, no provision for this claim has been made in the accounts.

11. EARNINGS AND OPERATING CASH FLOW PER COMMON SHARE

Basic earnings and operating cash flow per common share are calculated using the weighted average number of Class A common shares outstanding during the year of 20,100,000 (1998 – 19,053,000).

Fully diluted earnings and fully diluted operating cash flow per common share are determined on the assumption that the outstanding options and warrants have been exercised at the beginning of the year. The fully diluted number of Class A common shares outstanding during the year is 23,404,000 (1998 – 22,385,000).

12. INVESTMENT IN JOINT VENTURES AND PARTNERSHIP

The Company's share of the assets, liabilities, revenues and expenses of its joint ventures and partnership which have been proportionately consolidated in these financial statements are as follows:

(000's)	1999	1998
Assets		
Cash	$ 87	$ 1,774
Accounts and agreements receivable	4,205	9,150
Real estate	21,166	23,492
Liabilities		
Accounts payable	(841)	(1,872)
Land development service costs	(718)	(5,042)
Financing	(17,328)	(18,847)
Net investment	$ 6,571	$ 8,655
Revenues	$ 5,165	$ 12,549
Expenses	(6,037)	(13,082)
Loss before income taxes	$ (872)	$ (533)
Cash flow from (used in) operating activities	$ 4,098	$ (10,067)
Cash flow from (used in) financing activities, net	(1,519)	16,890
Cash flow used in investing activities	(4,266)	(5,133)

The Company is contingently liable for obligations of its associates in the joint ventures and partnership. All of the assets of the joint ventures and partnership are available for the purpose of satisfying the obligations.

13. SEGMENTED INFORMATION

The Company conducts all of its activities in the real estate industry in Alberta, British Columbia and Ontario, Canada and Arizona, U.S.A. Segmented information has been prepared in accordance with the Company's practice of reporting on a product basis.

	1999		1998	
(000's)	Revenue	Gross Margin	Revenue	Gross Margin
Single Family	$ 61,197	$ 8,523	$ 29,171	$ 2,536
Land	37,669	7,438	46,211	10,027
Multi-Family	17,052	3,635	15,355	573
Income producing property	585	299	–	–
Intersegment	(4,718)	101	(3,311)	(17)
Total	$ 111,785	19,996	$ 87,426	13,119
Other income		654		893
Administration expenses		(6,673)		(3,113)
Interest expense		(2,320)		(1,887)
Amortization		(456)		(202)
Income taxes		(5,260)		(3,697)
Net earnings		$ 5,941		$ 5,113

	1999		1998	
(000's)	Assets	Investing Activities	Assets	Investing Activities
Single Family	$ 23,833	$ –	$ 20,824	$ 17,446
Land	112,264	17,702	94,193	42,128
Multi-Family	10,185	1,805	15,938	–
Income producing property	8,561	8,271	–	–
Capital assets	–	578	–	714
Other	1,614	–	2,194	–
Intersegment	(3,251)	–	–	–
Total	$ 153,206	$ 28,356	$ 133,149	$ 60,288

The Company earned revenue of $108,112,000 (1998 – $86,515,000) in Canada and $3,673,000 (1998 – $911,000) in the United States.

14. RELATED PARTY TRANSACTIONS

In the ordinary course of its business, the Company sells land to companies owned by major shareholders under the same terms as those offered to other purchasers. Sales for 1999 include $7,264,000 (1998 – $10,004,000) to these related parties. Agreements receivable as at April 30, 1999 include $3,631,000 (1998 – $2,342,000) due from these related parties. The Company also purchased material of $606,000 (1998 – $539,000) from a company whose owner is a major shareholder of the Company.

Directors and officers have $1,216,000 (1998 – $1,216,000) invested in debentures and were paid interest of $119,000 (1998 – $83,000).

The Company received management fees in the amount of $18,000 (1998 – $90,000) from companies owned by major shareholders for project management.

Consulting fees in the amount of $80,000 (1998 – $54,000) are paid to companies owned by major shareholders and are included in administration expenses and accounts payable.

At April 30, 1999, financing includes $2,666,667 (1998 – $NIL) of mortgages provided by major shareholders. The mortgages bear no interest and have no principal repayment terms, but the companies participate in the profits of a specific project.

Management is of the opinion that all of these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

15. COMMITMENTS

The Company has received customer deposits of $718,000 (1998 – $3,315,000) on condominiums and Single Family units for total sales of $19,487,000 (1998 – $43,302,000).

The Company has provided letters of guarantee in the amount of $2,138,630 (1998 – $2,608,630) for servicing costs which have not been accrued at April 30, 1999.

16. INCOME TAXES

As of April 30, 1999, subsidiaries have estimated cumulative non-capital losses for Canadian income tax purposes available to be carried forward and applied against taxable income of future years as follows:

	(000's)
Year of Expiry	Approximate Amount
2002	$ 31
2003	30
2005	637
2006	19

The benefits of these losses have not been reflected in the financial statements.

17. SUBSEQUENT EVENTS

Subsequent to April 30, 1999, the Company has finalized the following agreements to purchase land:

A Multi-Family site of approximately 8 acres in southwest Calgary, Alberta for $2,860,000 cash.

Entered into a 50% joint venture to develop a 4 acre site in southwest Calgary, Alberta. Consideration includes $500,000 cash and a promissory note by the Company in the amount of $1,000,000.

Purchase of an inner-city Multi-Family site in northwest Calgary, Alberta for $2,500,000 cash.

The Company has also sold 47 acres of land for $2,180,000 cash subsequent to April 30, 1999.

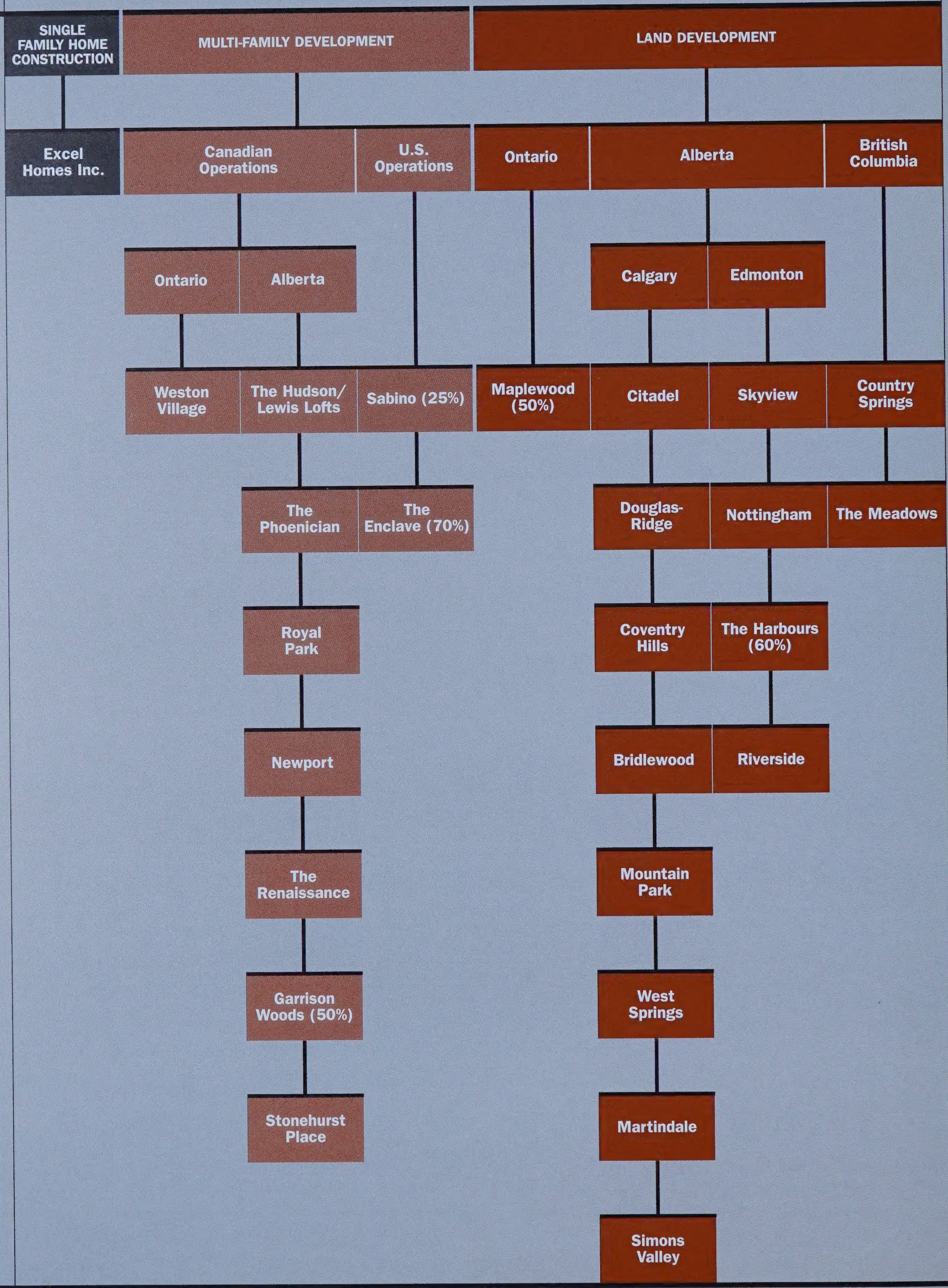
18. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced prior to, on or subsequent to January 1, 2000. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Company, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved. Therefore, the Company's ability to conduct normal business operations may be impacted. This impact may range from significant system failure to minor errors.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

APEX LAND CORPORATION



CORPORATE INFORMATION

APEX HEAD OFFICE
Suite 1100, 500-4th Avenue S.W.
Calgary, Alberta, Canada
T2P 2V6
Telephone (403) 264.3232
Facsimile (403) 263.0502
email apex@apexland.com
website www.apexland.com

APEX EDMONTON OFFICE
10243-178 Street
Edmonton, Alberta, Canada
T5S 1M3
Telephone (780) 484.6698
Facsimile (780) 484.6535

EXCEL HOMES INC.
A102, 9705 Horton Road S.W.
Calgary, Alberta, Canada
T2V 2X5
Telephone (403) 253.1433
Facsimile (403) 253.1687

INVESTOR RELATIONS
Contact: Kathy Estey
Manager, Investor Relations
Telephone (403) 716.2233
Facsimile (403) 263.0502
email kestey@apexland.com

ANNUAL MEETING
All shareholders are invited to attend the Annual General Meeting which will be held on Wednesday, September 8, 1999 at 3:30 pm in the Mayfair Room at the Westin Hotel, 4th Avenue & 3rd Street SW, Calgary, Alberta.

DIRECTORS AND OFFICERS

Jay Westman
Chairman of the Board and Director

Cal Wenzel
Vice Chairman of the Board and Director

Frank Boyd
President, Chief Executive Officer and Director

Al Westman
Secretary Treasurer and Director

Evelyn Fulton
Chief Financial Officer

Greg Lefebre
Senior Vice President

David Gregory
Director

Ken King
Director

Blaine Lee
Director

Gerald Masuch
Director

Murray Mullen
Director

John Torode
Director

Dennis Zentner
Director

TRANSFER AGENT
Montreal Trust
530-8th Avenue S.W.
Calgary, Alberta, Canada
T2P 3S8

AUDITORS
Collins Barrow
1400 First Alberta Place
777-8th Avenue S.W.
Calgary, Alberta, Canada
T2P 3R5

CORPORATE BANK
Bank of Nova Scotia
3800 Scotia Centre
700-2nd Street S.W.
Calgary, Alberta, Canada
T2P 2N7

CORPORATE COUNSEL
Masuch, Albert & Neale
C200, 9705 Horton Road S.W.
Calgary, Alberta, Canada
T2V 2X5

INSURANCE AGENTS
Renfrew Insurance
#500, 628-12th Avenue S.W.
Calgary, Alberta, Canada
T2R 0H6

PROJECT LENDERS
Bank of Nova Scotia
TD Bank Financial Group
Bank of Montreal
Laurentian Bank of Canada
Canadian Western Bank

STOCK EXCHANGE LISTING
The Toronto Stock Exchange
Trading Symbol
Common Shares - AXD.A

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(Photography by Gary Campbell)

APEX LAND CORPORATION

SUITE 1100, 500 - 4TH AVE SW . CALGARY . ALBERTA . CANADA . T2P 2V6
TELEPHONE: 403.264.3232 FACSIMILE: 403.263.0502
EMAIL: apex@apexland.com INTERNET: www.apexland.com